

Ross County Health District

Ross County, Ohio

Single Audit

January 1, 2009 through December 31, 2009

Year Audited Under GAGAS: 2009



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639
800 Gallia Street, Suite 38, Portsmouth, Ohio 45662 Phone: 740.876.9121 Fax: 800.210.2573



Mary Taylor, CPA

Auditor of State

Board of Health
Ross County Health District
475 Western Avenue, Suite A
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the Ross County Health District, Ross County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ross County Health District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 22, 2010

This Page is Intentionally Left Blank.

Ross County Health District
Ross County, Ohio
Table of Contents
For the Year Ended December 31, 2009

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis	8
Statement of Activities – Cash Basis.....	9
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances	10
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances.....	11
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual – Budgetary Basis – General Fund.....	12
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual – Budgetary Basis – Home Health Fund	13
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual – Budgetary Basis – Public Health Fund.....	14
Notes to the Basic Financial Statements.....	15
Schedule of Federal Awards Expenditures.....	25
Notes to the Schedule of Federal Awards Expenditures.....	26
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	27
Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	29
Schedule of Findings OMB Circular A-133 Section .505	31



Independent Auditor's Report

Ross County Health District
Ross County, Ohio
475 Western Avenue, Suite A
Chillicothe, Ohio 45601

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ross County Health District, Ross County, Ohio, (the District), as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Ross County Health District, Ohio, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparisons for the General, and Major special revenue funds thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Ross County Health District
Ross County, Ohio
Independent Auditor's Report
Page 2

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The schedule of federal awards expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Balestra, Harr & Scherer

Balestra, Harr & Scherer, CPAs, Inc.
June 4, 2010

Ross County Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

This discussion and analysis of Ross County Health District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2009, within the limitations of the District's cash basis of accounting. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2009 are as follows:

There was a decrease in net assets from 2008 to 2009 of \$194,433.

The District's receipts are primarily from charges for services, operating grants and contributions, unrestricted intergovernmental receipts, and property taxes. These receipts represent over 99.9 percent of the total cash received for governmental activities during 2009. The remaining receipts are attributed to payments in lieu of taxes and miscellaneous receipts.

The District's disbursements are primarily composed of children's health, home health and community health with \$882,168, \$2,369,724 and \$967,947, respectively, disbursed for 2009.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained in the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the financial statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determines when financial events are recorded. The District has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Ross County Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Reporting the District as a Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2009, within the limitations of the cash basis of accounting. The statement of net assets presents the cash and investment balances of the governmental activities of the District at year end. The statement of activities compares cash disbursements with program receipts for its governmental programs or functions. Program receipts include charges paid by the recipient of the program services and for grant monies received. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how its governmental activities draw from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other non-financial factors as well, such as the District's property tax base, the condition of the District's capital assets and infrastructure, and the reliance on non-local financial resources for operations.

In the statement of net assets and the statement of activities, we report the District in one type of activity: governmental activities. All of the District's basic services are reported as governmental activities.

Reporting the District's Most Significant Funds

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major governmental funds are the General Fund, Home Health Fund, and Public Health Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the government-wide statements.

Ross County Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

The District as a Whole

Table 1 provides a summary of the District's net assets for 2009 compared to 2008 on the cash basis:

Table 1
 Net Assets

	Governmental Activities	
	2009	2008
<i>Assets:</i>		
Cash	\$13,059	\$53,174
Equity in County Treasury	609,193	763,511
Total Assets	<u>\$622,252</u>	<u>\$816,685</u>
<i>Net Assets:</i>		
Other Purposes	\$137,011	\$217,139
Unrestricted	485,241	599,546
Total Net Assets	<u>\$622,252</u>	<u>\$816,685</u>

As mentioned previously, net assets of governmental activities decreased \$194,433 or 23.8 percent during 2009. This decrease is a result of disbursements in excess of receipts.

Table 2 reflects the changes in net assets in 2009. A comparative analysis of 2009 and 2008 is presented.

Table 2
 Change in Net Assets

	Governmental Activities	
	2009	2008
<i>Receipts:</i>		
Program Receipts:		
Charges for Services	\$3,085,843	\$3,072,669
Operating Grants and Contributions	<u>1,563,964</u>	<u>1,597,144</u>
Total Program Receipts	<u>4,649,807</u>	<u>4,669,813</u>
General Receipts:		
Property Taxes	605,820	629,527
Grants and Entitlements not Restricted To Specific Programs	229,918	186,043
Payments in Lieu of Taxes	745	0
Miscellaneous	<u>1,274</u>	<u>781</u>
Total General Receipts	<u>837,757</u>	<u>816,351</u>
Total Receipts	<u>5,487,564</u>	<u>5,486,164</u>

Ross County Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Table 2
 Change in Net Assets
 (Continued)

	Governmental Activities	
	2009	2008
<i>Disbursements:</i>		
Current:		
Children's Health	\$882,168	\$877,158
Environmental Health	512,788	474,929
Community Health	967,947	1,030,748
Administrative Services	687,682	634,072
Home Health	2,369,724	2,238,578
Community Preparedness	261,688	215,512
Total Disbursements	<u>5,681,997</u>	<u>5,470,997</u>
<i>Change in Net Assets</i>	<i>(194,433)</i>	<i>15,167</i>
<i>Net Assets, January 1</i>	<i>816,685</i>	<i>801,518</i>
<i>Net Assets, December 31</i>	<i><u>\$622,252</u></i>	<i><u>\$816,685</u></i>

Property taxes decreased \$23,707 due primarily to the phase out of tangible personal property taxes. Grants and entitlements not restricted to specific programs increased \$43,875 due primarily to an increase in tangible personal property reimbursements from the State. Program receipts represent 84.7 percent of total receipts in 2009, and are comprised of charges for services collected from customers and for operating grants and contributions. General receipts represent 15.3 percent of the District's total receipts for 2009. These receipts consist of property taxes, unrestricted intergovernmental receipts, payments in lieu of taxes, and miscellaneous receipts.

Environmental health disbursements increased \$37,859 due primarily to an increase in employee expenses in the food service program which was a direct result of increased receipts for commercial food service inspection fees. Community health disbursements decreased \$62,801 due primarily to decreases in program spending for the SOWCP program which was a result of decreased funding. Home health disbursements increased \$131,146 due primarily to an increase in patients which resulted in the increase of employees and related expenses. Community preparedness disbursements increased \$46,176 due primarily to the addition of public health emergency response programs. Disbursements consist of home health services, community health services, children's health services, environmental health, community preparedness, and administrative services.

Governmental Activities

If you look at the statement of activities, as referenced in the table of contents, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The next two columns of the statement, entitled Program Cash Receipts, identify two types of program receipts. The first type is charges for services, which consists of amounts paid by people who are directly charged for services provided. The second type is operating grants and contributions, which consists of operating grants and contributions directly related to program services being provided. The Net Receipts (Disbursements) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which is paid from money provided from sources other than charges for services and operating grants and contributions. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Ross County Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Table 3
 Governmental Activities

	Total Cost Of Services 2009	Net Cost Of Services 2009	Total Cost Of Services 2008	Net Cost Of Services 2008
Children's Health	\$882,168	(\$43,777)	\$877,158	(\$31,529)
Environmental Health	512,788	176,945	474,929	159,894
Community Health	967,947	530,980	1,030,748	432,817
Administrative Services	687,682	508,905	634,072	451,930
Home Health	2,369,724	(69,491)	2,238,578	(221,287)
Community Preparedness	261,688	(71,372)	215,512	9,359
Total Disbursements	\$5,681,997	\$1,032,190	\$5,470,997	\$801,184

The District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The focus of the District's governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

Total governmental funds had receipts and other financing sources of \$6,248,783 and disbursements and other financing uses of \$6,443,216. The greatest change within governmental funds occurred within the General Fund, the balance of which decreased due mainly to increased administrative services disbursements and decreased transfers in from the Home Health Fund. The Home Health Fund's balance decreased by \$40,093 which was due primarily to increased home health disbursements for salaries and benefits. The Public Health Fund's balance had no change as receipts equaled disbursements, which was primarily due to a large transfer from the General Fund.

Budgeting Highlights

The District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. During 2009, the District amended its General Fund budget to reflect changing circumstances. There were no significant budgetary variances noted for 2009.

Capital Assets

The District does not currently report its capital assets and infrastructure as it is not required by law.

Debt

The District had no debt outstanding as of December 31, 2009.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mr. Donald Holcomb, Chief Fiscal Officer, 475 Western Avenue, Chillicothe, Ohio 45601.

Ross County Health District
Statement of Net Assets - Cash Basis
December 31, 2009

	<u>Governmental Activities</u>
Assets	
Cash	\$13,059
Equity in County Treasury	<u>609,193</u>
Total Assets	<u><u>\$622,252</u></u>
Net Assets	
Restricted For:	
Other Purposes	\$137,011
Unrestricted	<u>485,241</u>
Total Net Assets	<u><u>\$622,252</u></u>

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Program Cash Receipts			Net Receipts (Disbursements) and Changes in Net Assets	
	Cash Disbursements	Charges for Services	Operating Grants and Contributions		
Governmental Activities					
Current:					
Children's Health	\$882,168	\$0	\$925,945	\$43,777	
Environmental Health	512,788	335,843	0	(176,945)	
Community Health	967,947	153,058	283,909	(530,980)	
Administrative Services	687,682	157,727	21,050	(508,905)	
Home Health	2,369,724	2,439,215	0	69,491	
Community Preparedness	261,688	0	333,060	71,372	
Total Governmental Activities	\$5,681,997	\$3,085,843	\$1,563,964	(1,032,190)	
General Receipts					
Property Taxes Levied for General Health District Purposes				605,820	
Grants and Entitlements not Restricted to Specific Programs				229,918	
Payments in Lieu of Taxes				745	
Miscellaneous				1,274	
Total General Receipts				837,757	
Change in Net Assets				(194,433)	
Net Assets Beginning of Year				816,685	
Net Assets End of Year				\$622,252	

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	General	Home Health	Public Health	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	\$13,059	\$0	\$0	\$0	\$13,059
Equity in County Treasury	472,182	101,476	0	35,535	609,193
Total Assets	\$485,241	\$101,476	\$0	\$35,535	\$622,252
Fund Balances					
Unreserved, Undesignated, Reported In:					
General Fund	\$485,241	\$0	\$0	\$0	\$485,241
Special Revenue Funds	0	101,476	0	35,535	137,011
Total Fund Balances	\$485,241	\$101,476	\$0	\$35,535	\$622,252

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Home Health	Public Health	Other Governmental Funds	Total Governmental Funds
Receipts					
Property Taxes	\$605,820	\$0	\$0	\$0	\$605,820
Intergovernmental	250,968	0	0	1,542,914	1,793,882
Charges for Services	157,727	2,439,215	153,058	335,843	3,085,843
Payments in Lieu of Taxes	745	0	0	0	745
Miscellaneous	1,274	0	0	0	1,274
Total Receipts	1,016,534	2,439,215	153,058	1,878,757	5,487,564
Disbursements					
Current:					
Children's Health	0	0	0	882,168	882,168
Environmental Health	0	0	0	512,788	512,788
Community Health	0	0	626,326	341,621	967,947
Administrative Services	687,682	0	0	0	687,682
Home Health	0	2,369,724	0	0	2,369,724
Community Preparedness	0	0	0	261,688	261,688
Total Disbursements	687,682	2,369,724	626,326	1,998,265	5,681,997
Receipts Over (Under) Disbursements	328,852	69,491	(473,268)	(119,508)	(194,433)
Other Financing Sources (Uses)					
Transfers In	110,295	0	473,268	177,656	761,219
Transfers Out	(650,924)	(109,584)	0	(711)	(761,219)
Total Other Financing Sources (Uses)	(540,629)	(109,584)	473,268	176,945	0
Net Change in Fund Balances	(211,777)	(40,093)	0	57,437	(194,433)
Beginning Fund Balances, January 1	697,018	141,569	0	(21,902)	816,685
Ending Fund Balances, December 31	\$485,241	\$101,476	\$0	\$35,535	\$622,252

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual - Budgetary Basis
General Fund
For the Year Ended December 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property Taxes	\$608,476	\$605,820	\$605,820	\$0
Intergovernmental	242,456	250,968	250,968	0
Charges for Services	110,168	157,749	157,727	(22)
Payments in Lieu of Taxes	0	745	745	0
Miscellaneous	0	1,274	1,274	0
Total Receipts	961,100	1,016,556	1,016,534	(22)
Disbursements				
Current:				
Administrative Services	760,246	687,682	687,682	0
Total Disbursements	760,246	687,682	687,682	0
Receipts Over Disbursements	200,854	328,874	328,852	(22)
Other Financing Sources (Uses)				
Transfers In	100,000	110,295	110,295	0
Transfers Out	(649,758)	(650,924)	(650,924)	0
Total Other Financing Sources (Uses)	(549,758)	(540,629)	(540,629)	0
Net Change in Fund Balances	(348,904)	(211,755)	(211,777)	(22)
Beginning Fund Balances, January 1	697,018	697,018	697,018	0
Ending Fund Balances, December 31	\$348,114	\$485,263	\$485,241	(\$22)

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual - Budgetary Basis
Home Health Fund
For the Year Ended December 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Charges for Services	\$2,711,621	\$2,479,308	\$2,439,215	(\$40,093)
Total Receipts	2,711,621	2,479,308	2,439,215	(40,093)
Disbursements				
Current:				
Home Health	2,575,480	2,369,724	2,369,724	0
Total Disbursements	2,575,480	2,369,724	2,369,724	0
Receipts Over Disbursements	136,141	109,584	69,491	(40,093)
Other Financing Uses				
Transfers Out	(100,000)	(109,584)	(109,584)	0
Total Other Financing Uses	(100,000)	(109,584)	(109,584)	0
Net Change in Fund Balances	36,141	0	(40,093)	(40,093)
Beginning Fund Balances, January 1	141,569	141,569	141,569	0
Ending Fund Balances, December 31	\$177,710	\$141,569	\$101,476	(\$40,093)

See the accompanying notes to the basic financial statements.

Ross County Health District
*Statement of Receipts, Disbursements and
 Changes in Fund Balance - Budget and Actual - Budgetary Basis*
Public Health Fund
For the Year Ended December 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Charges for Services	\$200,570	\$153,058	\$153,058	\$0
Total Receipts	200,570	153,058	153,058	0
Disbursements				
Current:				
Community Health	689,788	626,326	626,326	0
Total Disbursements	689,788	626,326	626,326	0
Receipts Under Disbursements	(489,218)	(473,268)	(473,268)	0
Other Financing Sources				
Transfers In	491,891	473,268	473,268	0
Total Other Financing Sources	491,891	473,268	473,268	0
Net Change in Fund Balances	2,673	0	0	0
Beginning Fund Balances, January 1	0	0	0	0
Ending Fund Balances, December 31	\$2,673	\$0	\$0	\$0

See the accompanying notes to the basic financial statements.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

1. REPORTING ENTITY

The Ross County Health District, Ross County, Ohio, (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is responsible for the administration of all health programs established by the Ohio Revised Code, the Ohio Department of Health, and the Public Health Council. Services provided by the District include, but are not limited to, the inspection and licensing of public health programs, community nursing activities, the control of communicable diseases, immunization clinics, environmental health programs, and home health activities.

By law, the Ross County Auditor is the fiscal agent of the District.

The District's management believes these financial statements present all activities for which the District is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.F, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

A. Cash

As required by the Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount. As of December 31, 2009, the District's share of the County's cash and investment pool was \$609,193. All risks associated with deposits and investments held at the Treasurer's Office are the responsibility of Ross County. Deposit and investment disclosures for the County as a whole may be obtained from the Ross County Auditor's Office, 2 North Paint Street, Suite G, Chillicothe, Ohio 45601, (740) 702-3080.

The District maintains a bank account to hold District receipts during each month and then makes a monthly deposit to the County. The carrying amount of these deposits as of December 31, 2009 was \$13,059 and the bank balance was \$13,059. The entire balance was covered by federal depository insurance.

B. Fund Accounting

The District uses fund accounting to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the District are presented in one category: governmental.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds – Governmental funds are those through which most governmental functions of the District are financed. The following are the District's major governmental funds:

1. General Fund – The General Fund is the general operating fund. It is used to account for all financial resources of the District, except for restricted resources requiring a separate accounting. The General Fund balance is available for any purpose provided it is disbursed or transferred according to Ohio laws.
2. Home Health Fund – The Home Health Fund receives charges for services from Medicare, Medicaid and other sources to provide home health care services to clients.
3. Public Health Fund – The Public Health Fund receives charges for services provided through clinics to provide health care services to the community.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Presentation

The District uses the provisions of GASB 34 for financial reporting on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and GASB 38, for certain financial statement note disclosures. The District's basic financial statements consist of government-wide statements, including a statement of net assets – cash basis and statement of activities – cash basis, and fund financial statements, which provide a more detailed level of financial information.

D. Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The statement of net assets - cash basis presents the cash basis financial condition of governmental activities of the District at year-end. The statement of activities - cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the District's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services identifiable to a particular program and operating grants and contributions. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the District. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental function is self-financing or draws from the general cash receipts of the District.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information at a more detailed level. The focus of governmental fund financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate non-major funds in a single column.

F. Basis of Accounting

The District prepares its financial statements and notes on the cash basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

G. Cash Receipts—Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On the cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the cash basis, receipts from property taxes are recognized in the year in which the monies have been received. On the cash basis, receipts from grants and entitlements, and donations are recognized in the year in which the monies have been received.

H. Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate. The appropriations resolution is the District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the District's Board. The District uses the object level within each fund and function as its legal level of control.

Ohio Revised Code Section 5705.28(C)(1) requires the District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the District by about June 1 (forty-five days prior to July 15). The County Auditor cannot allocate property taxes from the municipalities and townships within the District if the filing has not been made.

Ohio Revised Code Section 3709.28 establishes budgetary requirements for the District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April, the District must adopt an itemized appropriation measure. The appropriations measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the County Budget Commission. Subject to estimated resources, the District's Board may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the County Budget Commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations were passed by the District's Board.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriations passed by the District's Board during the year.

J. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying basic financial statements.

K. Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under District's basis of accounting.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets – Cash Basis

Under the District's cash basis of accounting, net assets equal cash balances. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted for other purposes is comprised of net assets restricted for grants. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the District's \$137,011 of restricted net assets, none is restricted by enabling legislation.

M. Interfund Transactions

The statements report transfers between funds as receipts in the seller funds and as disbursements in the purchasing funds. Subsidies from one fund to another without requirement for repayment are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs. Transfers among governmental activities are eliminated in the government-wide statement of activities.

3. INTERGOVERNMENTAL RECEIPTS

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. These amounts are included in intergovernmental receipts on the accompanying basic financial statements.

4. LEVIED TAXES

The County Commissioners are serving as the taxing authority to levy a special levy outside the ten-mill limitation to provide the District with sufficient funds to carry out health programs. The levy generated \$605,820 in 2009. This amount is reflected as property tax receipts on the accompanying basic financial statements.

5. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

A. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

- 1) The Traditional Pension Plan – a cost-sharing multiple-employer defined benefit pension plan.
- 2) The Member-Directed Plan– a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

5. DEFINED BENEFIT PENSION PLAN (Continued)

- 3) The Combined Plan— a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.
- B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans.

The member contribution rates were 10.0%, 10.0%, and 9.5% for 2009, 2008, and 2007, respectively, for the District.

The employer contribution rates were 14.0%, 14.0%, and 13.85% of covered payroll for 2009, 2008, and 2007, respectively, for the District.

The District's contributions to OPERS for the years ended December 31, 2009, 2008, and 2007 were \$485,026, \$438,310, and \$453,579, respectively, which were equal to the required contributions for those years.

6. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

- A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan— a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan— a defined contribution plan; and the Combined Plan— a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

6. POST-EMPLOYMENT BENEFITS (Continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interest parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

- B. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer's contributions are expressed as a percentage of the covered payroll of active members. In 2009, the District contributed at 14.0% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2009, the employer contributions allocated to the health care plan was 7.0% of covered payroll from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. For 2008, the employer contributions allocated to the health care plan was 7.0% of covered payroll. For 2007, these percentages were 5.0% for January through June 30, 2007 and 6.0% for July through December 31, 2007. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

- C. The employer contributions that were used to fund post-employment benefits were \$203,538 for 2009, \$219,155 for 2008, and \$163,742 for 2007.
- D. The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

7. RISK MANAGEMENT

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

7. RISK MANAGEMENT (Continued)

Casualty Insurance

For occurrences prior to January 1, 2006, PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, and provides up to \$1,750,000 per claim and \$10,000,000 in aggregate per year.

For occurrences on or after January 1, 2006, PEP retains casualty risks up to \$350,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$350,000, and provides up to \$2,650,000 per claim and \$10,000,000 in the aggregate per year.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to an aggregate of \$10,000,000. Governments can elect additional coverage, from \$3,000,000 to \$13,000,000, from the General Reinsurance Corporation.

Property Insurance

Travelers reinsurance specific losses exceeding \$250,000, and provides up to \$600,000,000 per occurrence. APEEP reinsures members for a specific loss exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined PEP members' total insurable values. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600,000,000 per occurrence limit.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective PEP member.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years. Coverage has not been significantly reduced from the prior year.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available).

Property and Casualty Coverage	2008	2007
Assets	\$35,769,535	\$37,560,071
Liabilities	(15,310,206)	(17,340,825)
Retained Earnings	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, casualty coverage liabilities noted above include approximately \$12.9 million and \$15.0 million of estimated incurred claims payable. The casualty coverage assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$28,174. This payable includes the subsequent year's contribution due if the District terminates participation, as described in the last paragraph below.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

7. RISK MANAGEMENT (Continued)

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2007	\$15,967
2008	14,689
2009	14,087

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. JOINTLY GOVERNED ORGANIZATION

Southeastern Ohio Regional Tobacco Coalition (SEORTC) – This coalition is a regional group of health districts working on an approach to tobacco control. The coalition is made up of the Fairfield Department of Health, Licking County Health Department, Perry County General Health District, Ross County Health District, Vinton County General Health District, and Newark City Health Department. The Fairfield Department of Health was approved by the board on June 13, 2002 to be the lead agency for the Southeastern Ohio Regional Tobacco Coalition. As the lead agency, the Fairfield Department of Health applies for the grant, receives the grant monies, and distributes monies to other health districts to carry out the services relating to tobacco control. The various boards of health provide in-kind contributions and/or cash matches to the program such as salaries, fringes, supplies, travel, space, training, and advertising. Contracts are entered into with the various participating health districts detailing the operations. The contracts remain in force until the Ohio Tobacco Foundation terminated funding activities and services provided by SEORTC. The Foundation terminated its activities after its fiscal year 2008 and the Ohio Department of Health initiated its funding activities for fiscal year 2009. The participating health districts provide the applicable services and submit the required supporting documentation for those services to the Fairfield Department of Health. The Fairfield Department of Health reimburses the participating health districts based on the supporting documentation received. The Ross County Health District has no equity interest and no debt obligations, nor is the existence of this organization dependent upon members.

9. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

10. INTERFUND TRANSFERS

The District had the following interfund transfers for the year ended December 31, 2009:

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$110,295	\$650,924
Home Health Fund	0	109,584
Public Health Fund	473,268	0
Total Major Funds	<u>583,563</u>	<u>760,508</u>
 Non-Major Funds:		
RCHD Seminar Fund	599	0
Camp/Rec Parks Fund	0	711
Mobile Home Parks Fund	3,630	0
Food Service Fund	1,957	0
Water Systems Fund	14,673	0
Swimming Pools/Bathing Fund	3,014	0
Environmental Health Fund	114,968	0
Sewage Program Fund	<u>38,815</u>	<u>0</u>
Total Non-Major Funds	<u>177,656</u>	<u>711</u>
 Total All Funds	 <u>\$761,219</u>	 <u>\$761,219</u>

Transfers were made from the General Fund to other governmental funds to subsidize operations. Transfers were made from the Home Health Fund and Camp/Rec Parks Fund to the General Fund in accordance with budgetary authorizations.

Ross County Health District
Ross County, Ohio
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2009

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. Department of Agriculture			
<i>Passed Through Ohio Department of Health:</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	07110011WA0209 07110011WA0310	10.557	\$360,069 92,919
Total U.S. Department of Agriculture			<u>452,988</u>
U.S. Department of Transportation			
<i>Passed Through Ohio Department of Public Safety and Office of the Governor's Highway Safety Representatives:</i>			
State and Community Highway Safety	SC-2009-71-00-00-00387-00 SC-2010-71-00-00-00357-00	20.600	4,615 16,842
Total U.S. Department of Transportation			<u>21,457</u>
U.S. Department of Health and Human Services			
<i>Passed Through Ohio Department of Health:</i>			
Public Health Emergency Preparedness	07110012PI0209 07110012PH0110	93.069	69,094 105,095 174,189
Centers for Disease Control and Prevention - Investigations and Technical Assistance	07110014BC0209 07110014BC0210	93.283	166,050 64,982 231,032
Preventive Health and Health Services Block Grant	7110014CH209	93.991	<u>69,562</u>
Total U.S. Department of Health and Human Services			<u>474,783</u>
Total Federal Awards Expenditures			<u><u>\$949,228</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

Ross County Health District
Ross County, Ohio
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2009

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING FUNDS

Certain federal programs require that the District contribute non-federal funds (matching funds) to support the federally-funded programs. The expenditure of non-federal matching funds is not included on the schedule.



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards***

Ross County Health District
Ross County, Ohio
475 Western Avenue, Suite A
Chillicothe, OH 45601

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Ross County Health District, Ross County, Ohio, (the District), as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 4, 2010 wherein we noted the District followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Ross County Health District

Ross County, Ohio

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by
Government Auditing Standards

Page 2

We intend this report solely for the information and use of management, members of the Board and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Balestra, Harr & Scherer". The signature is cursive and appears to be a professional or corporate name.

Balestra, Harr & Scherer, CPAs, Inc.

June 4, 2010



**Report on Compliance With Requirements Applicable to Each Major Federal Program and on
Internal Control Over Compliance Required by OMB Circular A-133**

Ross County Health District
Ross County, Ohio
475 Western Avenue, Suite A
Chillicothe, Ohio 45601

Compliance

We have audited the compliance of the Ross County Health District, Ross County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that apply to its major federal program for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

Ross County Health District

Ross County, Ohio

Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Page 2

Internal Control Over Compliance (Continued)

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent or to timely detect and correct noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the management, members of the Board, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Balestra, Harr & Scherer". The signature is cursive and appears to be a professional business name.

Balestra, Harr & Scherer, CPAs, Inc.

June 4, 2010

Ross County Health District
Ross County, Ohio
Schedule of Findings
OMB Circular A-133 Section .505
For the Year Ended December 31, 2009

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weakness reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Special Supplemental Nutrition Program for Women, Infants and Children, CFDA #10.557
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**Ross County Health District
Ross County, Ohio
Schedule of Findings
OMB Circular A-133 Section .505
For the Year Ended December 31, 2009**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This Page is Intentionally Left Blank.



Mary Taylor, CPA

Auditor of State

ROSS COUNTY HEALTH DISTRICT

ROSS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 30, 2010**